

07 CV 11089
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Southern District of New York
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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA,

-v.-

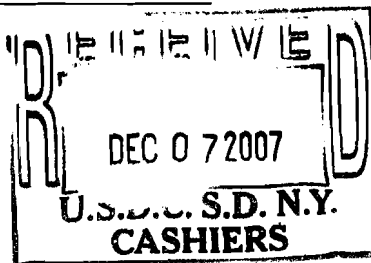
\$12,685,257.10 in UNITED STATES
CURRENCY,

Defendant in rem.

07 CV 11089

VERIFIED COMPLAINT

07 Civ.



Plaintiff United States of America, by its attorney,
Michael J. Garcia, United States Attorney for the Southern District
of New York, for its verified complaint alleges, upon information
and belief, as follows:

I. JURISDICTION AND VENUE

1. This action is brought pursuant to 18 U.S.C. §§
981(a)(1)(C) and 984 by the United States of America seeking the
forfeiture of \$12,685,257.10 in United States Currency (the
"Defendant in Rem").

2. This Court has jurisdiction pursuant to 28 U.S.C.
§§ 1345 and 1355.

3. Venue is proper pursuant to 28 U.S.C. § 1355(b)(1)(A) because acts and omissions giving rise to the forfeiture took place in the Southern District of New York and pursuant to 28 U.S.C. § 1395 because the Defendant in Rem is located in the Southern District of New York.

4. A sum of \$12,685,257.10 of the Defendant in Rem is currently being held on deposit in the Department of Treasury Seized Asset Deposit Fund.

III. PROBABLE CAUSE FOR FORFEITURE

Overview of the Conspiracy

5. Ernst & Young ("E&Y") was one of the largest accounting firms in the world. E&Y provided tax services to corporate and individual clients, including some of the wealthiest individuals in the United States. The tax services included preparing tax returns, providing tax advice and tax planning advice, and representing clients in audits by the Internal Revenue Service ("IRS") and litigation with the IRS in Tax Court. As part of its tax practice, E&Y had a business unit known as Personal Financial Counseling ("PFC"). PFC was responsible for providing tax advice, as well as financial planning advice, to individuals.

6. In or about 1998, the national leader of PFC formed a group that devoted itself to designing, marketing, and implementing high-fee tax strategies for individual clients. The group initially called itself the "VIPER Group" (an acronym for

"Value Ideas Produce Extraordinary Results"), but changed its name, in or about early 2000, to the "Strategic Individual Solutions Group," or "SISG." Members of the VIPER/SISG group worked together with banks, other financial institutions, law firms and tax shelter promoters to design, market and implement tax strategies to high net-worth clients for the purpose of eliminating, reducing or deferring taxes on significant income or gains.

7. Belle M. Six ("Six") was hired by E&Y in early 1998, as a member of the VIPER group. She was not an expert in tax, but was hired to help develop and coordinate the group's sales efforts. As a member of the group, Six participated together with other members in the development, marketing and implementation of tax shelters for E&Y's wealthy clients.

8. Six left E&Y in 1999, and subsequently worked at two other entities that were involved with E&Y in developing, marketing, and implementing tax shelters. Six acted as a liaison between these entities and E&Y.

Tax Shelter Fraud

9. From in or about 1998 through in or about 2004, Six participated in a scheme to defraud the IRS by misleading the IRS about the bona fides of E&Y's tax shelters. Based upon information and belief, Six and others made false and fraudulent statements through the mail and by interstate wire communications by deliberately generating false and fraudulent documentation, and

then submitted their false and fraudulent documentation to the IRS to conceal the true nature of E&Y's tax shelter transactions.

10. Among the fraudulent tax shelter transactions marketed and implemented on behalf of individual clients by Six and others were shelters called Contingent Deferred Swap ("CDS") and CDS Add-On. Six has admitted that with others, she helped develop false non-tax business reasons that could plausibly be advanced to justify these shelters to the IRS, and included those false reasons in transaction documents, correspondence, and other materials that would be sent to the IRS if E&Y's clients were audited. Generally, the tax shelters were designed to appear as financial investments rather than tax shelters, and the non-tax reasons the conspirators advanced related to supposed investment objectives. Six has admitted that the CDS and CDS Add-On shelters were vulnerable to IRS attack in certain respects, and that she and others submitted false and fraudulent documents to the IRS in an effort to avoid having the IRS learn of those vulnerabilities, and then seek to disallow the clients' tax positions.

11. For her participation in these tax shelter activities, Six received millions of dollars in compensation.

12. On or about June 14, 2007, Six entered into an agreement with the United States Attorney's Office for the Southern District of New York wherein she agreed, *inter alia*, to the forfeiture of the Defendant in Rem.

IV. CLAIM FOR FORFEITURE

13. Plaintiff repeats, realleges and incorporates by reference herein each and every allegation contained in paragraphs one through twelve of this Verified Complaint.

14. Title 18, United States Code, Section 981(a)(1)(C) subjects to forfeiture:


"[a]ny property, real or personal, which constitutes or is derived from proceeds traceable to . . . any offense constituting 'specific unlawful activity' (as defined in section 1956(c)(7) of this title), or a conspiracy to commit such offense."

15. By reason of the above, the Defendant in Rem is subject to forfeiture to the United States of America pursuant to 18 U.S.C. § 981(a)(1)(C), because there is probable cause to believe that the Defendant in Rem constitutes property derived from mail fraud and wire fraud, in violations of Title 18 United States Code, Sections 1341 and 1343.

Dated: New York, New York
December 7, 2007

MICHAEL J. GARCIA
United States Attorney for
Plaintiff United States of America

By:



SHARON COHEN LEVIN
Assistant United States Attorney
One St. Andrew's Plaza
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(212) 637-1060

VERIFICATION

STATE OF NEW YORK)
COUNTY OF NEW YORK :
SOUTHERN DISTRICT OF NEW YORK)

JEFFREY FATA, being duly sworn, deposes and says that he is a Special Agent with the Internal Revenue Service ("IRS") and as such has responsibility for the within action; that he has read the foregoing complaint and knows the contents thereof; and that the same is true to the best of his knowledge, information and belief.

The sources of deponent's information and the ground of his belief are official records and files of the IRS and other law enforcement agencies and information obtained directly by deponent and other case agents during an investigation of alleged violations of Title 18, United States Code, Sections 1341 and 1343.


JEFFREY FATA
Special Agent
Internal Revenue Service

Sworn to before me this
7th day of December, 2007

Notary Public

JEANETTE ANN GRAYEB
Notary Public, State of New York
No. 01GR4995793
Qualified in Kings County
Commission Expires Nov 30, 2009